Philip Morris Brands Sarl v Goodness for Import and Export & Ors (No 2)

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO 22IP-42–09 OF 2012
UMI KALTHUM J
19 APRIL 2013

Civil Procedure — Injunction — Application for — Application for permanent injunction — Containers seized — Restrains from dealing of containers seized pending full and final disposal of matter

Civil Procedure — Injunction — Erinford injunction — Containers seized — Restrains against claiming and/or seeking for release of and/or taking possession and/or custody and/or control and/or accepting delivery and/or dealing and/or disposing of containers

The plaintiff claimed against the first defendant for, inter alia, a permanent injunction restraining the first defendant from dealing with the 'MALIMBO' containers and/or cigarettes. The plaintiff then filed an injunction application seeking for an order, amongst others, to restrain the first defendant from dealing with the 'MALIMBO' containers and/or cigarettes pending full and final disposal of the matter. Subsequently, the first defendant filed an application for, inter alia, to set aside the claim on the grounds that the court had no jurisdiction over the first defendant in respect of the 'MALIMBO' containers and/or cigarettes. The court had issued the said order and allowed the first defendant's application where the writ against the first defendant was set aside; protection and release of the ten containers held as a result of the injunctions; the ex parte injunction and ad interim injunction order against the first defendant be made to prevent any dealing with the ten containers be discharged; a declaration that the court had no jurisdiction over the first defendant; Malaysia was not the proper forum for this dispute; and costs at RM4,000. Consequently, the plaintiff's injunction application was also dismissed. The plaintiff then appealed to the Court of Appeal ('encl 57') for the stay and/or suspension pending appeal, of the protection or release of the ten containers held by the Royal Malaysian Customs ('RMC'); the ex parte injunction order and ad interim injunction order against the first defendant be made to prevent any dealing with the ten MALIMBO containers be discharged; costs of RM4,000. The plaintiff also applied for an erinford injunction pending the appeal restraining the first defendant until the full and final disposal of the plaintiffs appeal to the Court of Appeal against the said order from claiming and/or seeking for the release of and/or taking possession

and/or custody and/or control and/or accepting delivery and/or dealing and/or disposing in any way whatsoever of the MALIMBO containers and/or MALIMBO cigarettes.

Held, allowing the application:

(1) There was an imminent danger that the first defendant would at any time between now and the appeal remove the MALIMBO cigarettes from Malaysia. The first defendant did intend to do so at the second last hearing date of the plaintiff's application. Should this court not grant the stay order, it would render the plaintiff's appeal to the Court of Appeal nugatory and worse, academic. The substratum of the appeal would be destroyed and the subject matter of the said writ and statement of claim would no longer be in the jurisdiction of Malaysia and of this court. The plaintiff had successfully shown that there existed a special circumstance which merited this court to grant the stay (see para 11).

(2) The alleged infringing act and/or illegal conduct of the first defendant might cause irreparable damage to the plaintiff's credit, goodwill and business reputation which might not be adequately compensated by damages. Should the decision of the Court of Appeal be in favour the first defendant, monetary compensation should be an adequate remedy for it and the plaintiff would be in the position to compensate the first defendant. The first defendant's attempt to raise technical issues was at a late stage. Even though the plaintiff had not given an undertaking to compensate the first defendant in the event it failed in its appeal to the Court of Appeal, this condition had been imposed in the order granted by the court (see para 13).

(3) The learned judge agreed that the plaintiff's appeal was not frivolous or vexatious based on the facts deposed by the plaintiff (see para 14).

(4) The court was unable to accept the first defendant's submission that with the said order, there was now no writ in existence and thus no pending cause or matter for this court to decide encl 57 and that encl 57 should be dismissed *in limine* as it presupposed the existence of a writ of summons. The non-existence of the writ of summons vis the first defendant was pursuant to the said order, which the plaintiff was now appealing against to the Court of Appeal. To hold that this court was precluded from hearing encl 57 was like saying that the plaintiff was denied its right to appeal to the Court of Appeal let alone being able to file the application in encl 57 (see para 15).

[Bahasa Malaysia summary

Plaintif menuntut terhadap defendan pertama untuk, antara lain, injunksi tetap menghalang defendan pertama daripada berurusan dengan bekas-bekas 'MALIMBO' dan/atau rokok. Plaintif kemudian telah memfailkan

permohonan injunksi memohon perintah untuk, antara lain, menghalang defendan pertama daripada berurusan dengan bekas-bekas 'MALIMBO' dan/atau rokok sementara menunggu perkara tersebut selesai sepenuhnya dan muktamad. Berikutan itu, defendan pertama telah memfailkan permohonan untuk, antara lain, mengetepikan tuntutan atas alasan bahawa mahkamah tiada bidang kuasa ke atas defendan pertama berkaitan bekas-bekas 'MALIMBO' dan/atau rokok itu. Mahkamah mengeluarkan perintah tersebut dan membenarkan permohonan defendan pertama di mana writ terhadap defendan pertama telah diketepikan; perlindungan dan pelepasan sepuluh bekas tersebut ditahan akibat daripada injunksi-injunksi itu; perintah injunksi ex parte dan injunksi ad interim terhadap defendan pertama dibuat untuk menghalang apa-apa urusan dengan sepuluh bekas tersebut dilepaskan; satu deklarasi bahawa mahkamah tersebut tiada bidang kuasa ke atas defendan pertama; Malaysia bukan forum yang sesuai untuk pertikaian ini; dan kos pada RM4,000. Akibat daripada itu, permohonan injunksi plaintif juga ditolak. Plaintif kemudian merayu kepada Mahkamah Rayuan ('lampiran 57') untuk penggantungan dan/atau penggantungan sementara menunggu rayuan, berhubung perlindungan atau pelepasan sepuluh bekas yang ditahan oleh Kastam di-Raja Malaysia ('KRM'); perintah injunksi ex parte dan perintah injunksi ad interim terhadap defendan pertama dibuat untuk mengelakkan apa-apa urusan dengan sepuluh bekas-bekas 'MALIMBO' dan/atau rokok; kos RM4,000. Plaintif juga telah memohon untuk injunksi erinford sementara menunggu rayuan menghalang defendan pertama sehingga rayuan plaintif-plaintif kepada Mahkamah Rayuan terhadap perintah tersebut selesai sepenuhnya dan muktamad daripada menuntut dan/atau memohon untuk pelepasan dan/atau mengambil milikan dan/atau jagaan dan/atau kawalan dan/atau menerima penghantaran dan/atau berurusan dan/atau menjual dalam apa cara sekalipun bekas-bekas 'MALIMBO' dan/atau rokok itu.

Diputuskan, membenarkan permohonan:

(1) Terdapat bahaya yang pasti bahawa defendan pertama akan pada bila-bila masa sekarang dan rayuan tersebut mengalihkan rokok-rokok MALIMBO tersebut dari Malaysia. Defendan pertama sememangnya ingin berbuat demikian pada tarikh perbicaraan yang kedua terakhir permohonan plaintif. Jika mahkamah ini tidak memberikan perintah penggantungan, ia akan mengakibatkan rayuan plaintif kepada Mahkamah Rayuan sia-sia dan lebih teruk, akademik. Substrata rayuan itu akan musnah dan hal perkara writ dan penyataan tuntutan tersebut bukan lagi dalam bidang kuasa Malaysia dan mahkamah ini. Plaintif telah berjaya menunjukkan bahawa wujud keadaan istimewa untuk mewajarkan mahkamah ini memberikan penggantungan (lihat perenggan 11).

(2) Tindakan pelanggaran dan/atau perbuatan yang menyalahi undang-undang yang dikatakan berhubung defendan pertama mungkin

menyebabkan kepercayaan, nama baik dan reputasi perniagaan plaintif terjejas teruk dan tidak mungkin dapat dipampas secukupnya dengan ganti rugi. Jika keputusan Mahkamah Rayuan menyebelahi defendan pertama, pampasan dalam bentuk wang patut merupakan remedi yang mencukupi untuknya dan plaintif akan berada dalam kedudukan untuk memberi pampasan kepada defendan pertama. Percubaan defendan pertama untuk menimbulkan isu-isu teknikal adalah di peringkat akhir. Walaupun plaintif tidak memberi akujanji untuk memberi pampasan kepada defendan pertama sekiranya ia gagal dalam rayuannya kepada Mahkamah Rayuan, syarat ini telah pun dikenakan dalam perintah yang diberikan oleh mahkamah (lihat perenggan 13).

(3) Hakim yang bijaksana bersetuju bahawa rayuan plaintif bukan remeh atau menyusahkan berdasarkan fakta yang dideposkan oleh plaintif (lihat perenggan 14).

(4) Mahkamah tidak dapat menerima hujah defendan pertama bahawa dengan perintah tersebut, kini tiada writ dan oleh itu tiada sebab atau perkara yang belum selesai untuk mahkamah ini memutuskan lampiran 57 dan bahawa lampiran 57 patut ditolak *in limine* kerana ia mengandaikan kewujudan writ saman. Ketiadaan writ saman melalui defendan pertama adalah menurut perintah tersebut, yang mana plaintif kini sedang merayu terhadapnya di Mahkamah Rayuan. Untuk mengatakan bahawa mahkamah ini dihalang daripada mendengar lampiran 57 adalah sama seperti mengatakan bahawa plaintif telah menafikan haknya untuk merayu kepada Mahkamah Rayuan lebih-lebih lagi dapat memfailkan permohonan dalam lampiran 57 (lihat perenggan 15).]

Notes

For cases on application for, see 2(1) *Mallal's Digest* (4th Ed, 2012 Reissue) paras 3336–3371.

For cases on erinford injunction, see 2(1) *Mallal's Digest* (4th Ed, 2012 Reissue) paras 3441–3452.

Cases referred to

Erinford Properties Ltd & another v Cheshire County Council [1974] Ch 261, Ch D (refd)

Kosma Palm Oil Mill Sdn Bhd & Ors v Koperasi Serbausaha Makmur Bhd [2004] 1 MLJ 257; [2003] 4 CLJ 1, FC (refd)

Subashini a/p Rajasingam v Saravanan a/l Thangathoray and other appeals [2008] 2 MLJ 147; [2008] 2 CLJ 1, FC (folld)

Legislation referred to

Rules of Court 2012 O 11

Bahari Yeow Tien Hong (Lim Zhi Jian with him) (Lee Hishamuddin Allen & Gledhill) for the plaintiff.

Nora Hayati Ismayatim (Siti Maisarah Ab Rahim with her) (Nora Hayati & Associates) for the defendant.

Umi Kalthum J:

THE APPLICATION

[1] The plaintiff/applicant applied in encl 57 for:

(a) the operation and/or the enforcement and/or the execution of the order of this court dated 8 March 2013 ('the said order'), in particular:

(i) 'protection or release of the 10 containers (namely containing 'MALIMBO' branded cigarettes ('MALIMBO containers')) which the Royal Malaysian Customs ('RMC') held as a result of the injunction orders dated 2.10.2012 and 16.10.2012';

(ii) 'the Ex-Parte Injunction Order dated 2.10.2012 and Ad Interim Injunction Order dated 16.10.2012 against the first defendant made to prevent any dealing with the 10 MALIMBO containers be discharged';

(iii) 'Costs of RM4,000.00',
be stayed and/or suspended pending the disposal of the plaintiff's appeal to the Court of Appeal;

(b) an erinford injunction pending the plaintiff's appeal restraining the first defendant, whether by itself, its directors or servants or agents or otherwise howsoever, from whether acting by themselves, their directors, officers, servants or agents or any of them or otherwise, their employees, servants, principals or agents, whether jointly or severally or any of them or otherwise howsoever until the full and final disposal of the plaintiffs appeal to the Court of Appeal against the said order from claiming and/or seeking for the release of and/or taking possession and/or custody and/or control and/or accepting delivery and/or dealing and/or disposing in any way whatsoever of the MALIMBO containers and/or MALIMBO cigarettes;

(c) an interim order as per prayers (a) and (b) therein pending the full and final disposal and decision of the application made by the plaintiff in this notice of application; and

(d) costs to be reserved.

[2] The grounds of the plaintiff's application are, amongst others:

(a) the plaintiff had filed an appeal to the Court of Appeal against the said order;

(b) the operation and/or the enforcement and/or the execution of the said order ought to be stayed or suspended to preserve the status quo of the subject matter in this action pending the disposal of the plaintiffs appeal;

(c) in the event that the operation and/or the enforcement and/or the execution of the said order is not stayed or suspended, there is an imminent danger that the first defendant can at any time between now and the plaintiffs appeal remove out and/or deal with the MALIMBO cigarettes in such manner which will infringe the intellectual property right of the plaintiff and/or which will render the plaintiff's appeal to the Court of Appeal nugatory and academic;

(d) there are merits in the plaintiff's appeal and the plaintiff's appeal is not frivolous or vexatious. It is grounded on a bona fide belief that there is a chance of success;

(e) damages is not an adequate remedy for the plaintiff; and

(f) the balance of convenience and justice of the case demand that the status quo be preserved pending the disposal of the plaintiff's appeal.

CHRONOLOGY OF EVENTS

[3] The plaintiff had filed a writ and statement of claim against the first defendant for, amongst others, a permanent injunction restraining the first defendant from dealing with the MALIMBO containers and/or cigarettes. The plaintiff had further filed an injunction application seeking for an order, amongst others, to restrain the first defendant from dealing with the MALIMBO containers and/or cigarettes pending full and final disposal of the matter.

[4] The first defendant then filed an application for, amongst others, to set aside the writ and statement of claim against the first defendant on the grounds mainly that this court has no jurisdiction over the first defendant in respect of the subject matter, which are the MALIMBO containers and/or cigarettes.

[5] This court had on 8 March 2013 issued the said order and had allowed the first defendant's application as follows:

(a) the writ against the first defendant be set aside;

(b) protection and release of the ten containers which the RMC held as a result of the injunctions dated 2 October 2012 and 16 October 2012;

(c) the ex parte injunction dated 2 October 2012 and ad-interim injunction order dated 16 October 2012 against the first defendant made to prevent any dealing with the ten containers be discharged;

(d) a declaration that the court has no jurisdiction over the first defendant;

(e) Malaysia is not the proper forum for this dispute; and

(f) costs at RM4,000.

[6] As a consequence of the said order, the plaintiff's injunction application was also dismissed.

[7] The plaintiff then filed an appeal to the Court of Appeal.

THE BRIEF FACTS

[8] The brief facts are as contained in my earlier grounds of judgment dated 8 March 2013 in respect of the first defendant's application to set aside the writ and statement of claim against the first defendant.

THE DECISION

[9] I allow the plaintiff's application on condition that the plaintiff undertakes to compensate the first defendant in damages in the event the plaintiff fails in its appeal to the Court of Appeal, with costs to be reserved. I do so for the following reasons.

[10] In order for this court to grant a stay of the said order, the plaintiff needs to show there exist special circumstances for this court to do so — see Federal Court case of *Kosma Palm Oil Mill Sdn Bhd & Ors v Koperasi Serbausaha Makmur Bhd* [2004] 1 MLJ 257; [2003] 4 CLJ 1. In *Kosma*'s case, Justice Augustine Paul (as he then was), in delivering the judgment of the court, had quoted at pp 15–16 *Halsbury's Laws of England* (4th Ed), Vol 17 at para 455 citing authorities as examples of special circumstances as follows:

> … that an appeal would be nugatory if stay was refused, by reason of the respondent's poverty (*Wilson v Church No 2* [1879] 12 Ch D 454 (CA)); or if payment of a judgment debt destroys the substratum of the appeal (*Metropolitan Real & General Property Trust Ltd v Starters & Bodega Ltd* [1941] 1 All ER 310 (CA)); … It is therefore clear beyond doubt that there are many factors that may constitute special circumstances and the fact that an appeal would be rendered nugatory if stay was refused is the most common one. It is an example of special circumstances. In other words special circumstances is the genus of which nugatoriness is a species. If

A it has been shown that an appeal would be rendered nugatory if stay was refused what it means is that a special circumstance has been established. Thus they cannot be treated as separate heads and one cannot be an alternative to the other. Neither can one be accepted or rejected in favour of the other as they are inter-related … As nugatoriness is a species of special circumstances a mere reference to it is sufficient to convey the correct legal impression …

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[11] I agree with the submission of learned counsel for the plaintiff that there is an imminent danger that the first defendant will at any time between now and the appeal remove the MALIMBO cigarettes from Malaysia. It is a fact that the first defendant did intend to do so at the second last hearing date of the plaintiff's application, that is, on 28 March 2013, and I had on that occasion granted an interim stay order against the first defendant. I agree that should this court not grant the stay order, it would render the plaintiff's appeal to the Court of Appeal nugatory and worse, academic. This is because the substratum of the appeal would be destroyed and the subject matter of the said writ and statement of claim would no longer be in the jurisdiction of Malaysia and of this court. I, therefore, find that the plaintiff has successfully shown that there exists a special circumstance which merits this court to grant the stay.

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[12] With the same token, I agree that on the balance of convenience the status quo of this matter be maintained lest the appeal be rendered nugatory and or academic.

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[13] Given the plaintiff's position, where it has established a good business reputation in the industry, the alleged infringing act and/or illegal conduct of the first defendant may cause irreparable damage to the plaintiff's credit, goodwill and business reputation which may not be adequately compensated by damages, I find on this score too it favours the plaintiff. On the other hand, should the decision of the Court of Appeal be in favour the first defendant monetary compensation should be an adequate remedy for it and the plaintiff is in the position to compensate the first defendant. The financial standing of the plaintiff has not been challenged by the first defendant in its affidavits in reply and only raised by it in its submission. I therefore regard the first defendant's submission as an attempt to raise technical issues at a late stage. Even though the plaintiff has not given an undertaking to compensate the first defendant in the event it fails in its appeal to the Court of Appeal, I have imposed this condition in the order now granted by me.

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[14] I agree that the plaintiff's appeal is not frivolous or vexatious based on the facts deposed by the plaintiff (para 21(1)–(8), affidavit in support, encl 60) as follows:

(a) the plaintiff had taken steps to commence service on the first defendant.

However, upon a company search of the first defendant was made, it revealed that there was no such company by the name of the first defendant exists;

(b) the plaintiff could not have commenced service on a non-existent entity, let alone apply for leave to serve the writ of summons out of jurisdiction against the first defendant. So at the material time the plaintiff had taken all reasonable measures to effect service of the writ and statement of claim on the first defendant;

(c) subsequently on 9 November 2012, the first defendant's solicitors came forward to clarify the existence of the first defendant, and that the name would not show up on a company search due to a transliteration of certain alphabets into the Arabic language. Moreover, the first defendant's solicitor had informed this court that she had received instructions to accept service of the writ and statement of claim on behalf of the first defendant. As such the plaintiff was of the view that the requirement to serve the writ and statement of claim on the first defendant in Egypt is no longer required since its solicitors are in Malaysia;

(d) based on the representation of the first defendant's solicitors, this court had directed the plaintiff's solicitors to effect service on the first defendant's solicitors on the same day, to which the plaintiff's solicitors had duly done so. The service therefore should be valid and deemed to be effective service;

(e) even though the first defendant is a foreign entity, there was no necessity to effect service of the writ of summons on the first defendant out of jurisdiction as this court had directed that the writ of summons be served on the first defendant's solicitors within the jurisdiction of Malaysia based on the representation of the first defendant's solicitors in court;

(f) in the circumstances, leave to serve the writ out of jurisdiction against the first defendant pursuant to O 11 of the Rules of Court 2012 does not arise; and

(g) at all material time, the subject matter of this action, namely the MALIMBO cigarettes are in the custody and possession of the RMC, which is within Malaysian jurisdiction and the jurisdiction of this court.

[15] Even though I had earlier dismissed the plaintiff's injunction application, I am not precluded from granting the erinford injunction applied for by the plaintiff in encl 57. This was clearly explained by Megarry J in the case in respect of which this injunction was named, that is, *Erinford Properties Ltd & another v Cheshire County Council* [1974] Ch 261 at pp 369–370 as follows:

> I turn to the other way that Mr Finlay put his case, that of inconsistency: and as I indicated to him during the argument, that, rather than jurisdiction, seemed to me to be his real case. Having held that it would be wrong to grant the plaintiff an injunction, how can a judge, consistently with his judgment, hold that it is right to grant them a similar though more limited injunction? …
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> … On the other hand, where the application is for an injunction pending an appeal, the question is whether the judgment that has been given is one upon which the successful party ought to be free to act despite the pendency of an appeal. One of the important factors in making such a decision, of course, is the possibility that the judgment may be reversed or varied. Judges must decide cases even if they are hesitant in the conclusions; and at the other extreme a judge may be very clear in his conclusions and yet on appeal be held to be wrong. No human being is infallible, and for none are there more public and authoritative explanations of their errors than for judges. A judge who feels no doubt in dismissing a claim to an interlocutory injunction may, perfectly consistently with his decision, recognise that his decision might be reversed, and that the comparative effects of granting or refusing an injunction pending an appeal are such that it would be right to preserve the status quo pending the appeal. I cannot see that a decision that no injunction should be granted pending the trial is inconsistent, either logically or otherwise, with holding that an injunction should be granted pending an appeal against the decision not to grant the injunction, or that by refusing an injunction pending the trial the judge becomes functus officio quoad granting any injunction at all.

Similarly I am unable to accept learned counsel for the first defendant's submission that with the said order, there is now no writ in existence and thus no pending cause or matter for this court to decide vis encl 57 and that encl 57 should be dismissed *in limine* as it presupposes the existence of a writ of summons. The non-existence of the writ of summons vis the first defendant is pursuant to the said order, which the plaintiff is now appealing against to the Court of Appeal. To hold that this court is precluded from hearing encl 57 is like saying that the plaintiff is now denied its right to appeal to the Court of Appeal let alone being able to file the application in encl 57. This is not the law of this country.

[16] The principles as enunciated in the said English case were received and applied by our counts. In the Federal Court case of to *Subashini a/p Rajasingam v Saravanan a/l Thangathoray and other appeals* [2008] 2 MLJ 147; [2008] 2 CLJ 1, the Federal Court had referred to and quoted passages from the said English case and had ruled that, at p 172, para 28:

> [28] The learned judicial commissioner in granting the Erinford injunction was of the view that on the balance of convenience it was desirable that the status quo of the parties be maintained pending appeal to the Court of Appeal to prevent the appeal from being rendered nugatory. In my judgment, the High Court was right. The High Court was entitled to grant an Erinford injunction even though it had held

that it had no jurisdiction to grant the substantive interim injunction. In *Erinford Properties Ltd v Cheshire Country Council* [1974] 2 All ER 448 Megarry J said at p 454:

…

So in the light of the above, it is clear that even an objection is raised as to the jurisdiction of the Court this does not deprive the Court of its jurisdiction to preserve the status quo pending the appeal …

page 173, para 29:

[29] With regard to the granting of the Erinford injunction pending the wife's application for leave to appeal to the Federal Court, I agree with the majority decision of the Court of Appeal that it had the jurisdiction to grant the wife's application … An Erinford injunction pending an appeal or an application for leave to appeal, like a stay of execution pending an appeal, is ordinarily granted by the court which made the decision that is the subject of the appeal …

Appeal allowed.

Reported by Afiq Mohamad Noor